

Message Text

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E.O.11652: N/A
TAGS: ASEAN, EINV, MY
SUBJECT: PRESS COMMENTARY ON THE ASEAN INDUSTRIAL PROJECTS

1. IN AN ARTICLE AND SEPARATE EDITORIAL RECENTLY, THE ENGLISH LANGUAGE BUSINESS TIMES HAS PUBLICLY CARRIED OUT A DEBATE AS TO THE VIABILITY OF THE FIVE ASEAN INDUSTRIAL PROJECTS. THE REPORTER WHO INVESTIGATED THIS QUESTION CONCLUDED THAT "THE HIGH COSTS EXPECTED TO BE INCURRED IN THE IMPLEMENTATION OF THE FIVE ASEAN INDUSTRIAL PROJECTS WILL RESULT IN HIGHER-THAN-WORLD PRODUCT PRICES THUS IMPAIRING THEIR VIABILITY. AND IF MEMBER NATIONS ARE OBLIGED, OUT OF POLITICAL CONSIDERATIONS, TO IMPORT THE PRODUCTS, A CUMULATIVE SPREAD OF INFLATIONARY PRESSURE THROUGHOUT ASEAN MIGHT BE THE RESULT." THE REPORTER DREW THIS CONCLUSION AFTER DISCUSSING THE MATTER WITH HIROMOTO SEKI, DIRECTOR OF THE REGIONAL POLICY DIVISION OF THE ASEAN AFFAIRS BUREAU, JAPANESE MINISTRY OF FOREIGN AFFAIRS, AND PROFESSOR LIM CHONG YAH, HEAD OF THE DEPARTMENT OF ECONOMICS AND STATISTICS AT THE UNIVERSITY OF SINGAPORE.

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2. IN A FOLLOW-UP EDITORIAL, THE BUSINESS TIMES EDITOR TOOK SOME ISSUE WITH THE CONCLUSION OF HIS OWN REPORTER. HE NOTED THAT THE DOUBTS THE JAPANESE HAVE EXPRESSED ABOUT THE UREA PROJECT IN MALAYSIA AND IN INDONESIA NO DOUBT STEM FROM THE SEVERE DEPRESSION BEING FACED BY THE JAPANESE UREA PRODUCERS AT THE PRESENT TIME. THE EDITORIAL POINTED OUT, HOWEVER, THAT

THIS MAY BE A SHORT TERM PROBLEM, QUOTING AS AUTHORITY IN THIS MATTER BOTH THE FAO AND THE WORLD BANK WHICH HAD PROJECTED THAT THERE NOW IS A NEED FOR NEW INVESTMENT IN NITROGEN CAPACITY TO COME ON STREAM IN THE EARLY 1980'S TO PREVENT A WIDE SHORTFALL IN UREA SUPPLIES. THE EDITOR FURTHER OTED THAT THE AVAILABILITY OF LOW COST NATURAL GAS WOULD HAVE A DIRECT IMPACT ON THE COMPETITIVE NATURE OF THIS PROJECT. HE FURTHER ARUGED THAT THE COST OF INFRASTRUCTURE DEVELOPMENT SHOULD NOT BE INCLUDED IN THE FINAL COST OF THE PROJECT ITSELF SINCE THE BENEFIT OF MUCH OF THE INFRASTRUCTURE DEVELOPMENT IS OF WIDER USE THAN TO THE PROJECT ALONE. THE EDITOR CONCLUDED, HOWEVER, THAT ASEAN SHOULD NOT BE COMPLACENT ABOUT COST OR THE FUTURE MARTKET PROSPECTS FOR A PRODUCT AND SUGGESTED THAT THE PHILIPPINES IN PARTICULAR MAY WISH TO RECONSIDER THE ECONOMIC VIABILITY OF THE SUPER PHOSPHATES PLANT.

COMMENT: THESE PRESS REPORTS MIRROR THE DEBATE CURRENTLY GOING ON WITHIN THE GOM. SERIOUS DOUBTS ARE BEGINNING TO CROP UP REGARDING THE MALAYSIAN AND INDONESIAN UREA PLANTS-- DOUBTS BASED ON FEAR OF OVERCAPACITY. IT IS ALSO CLEAR THAT THE GOM IS SOMEWHAT CONCERNED OVER THE VIABILITY OF THE OTHER INDUSTRIAL PROJECTS AS WELL. AT THIS STAGE, THE POWERS THAT BE SEEM STILL IN FAVOR OF PROCEEDING BUT DEBATE ON THIS COURSE OF ACTION WILL NO DOUBT CONTINUE.
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